



McLane, Graf,  
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*Professional Association*

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August 12, 2002

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**RECEIVED**  
AUG 14 2002  
Office of Corporation Counsel  
City of Nashua, NH  
*4534*

OFFICES IN:  
MANCHESTER  
CONCORD  
PORTSMOUTH  
NASHUA

*Via E-mail*

David R. Connell, Esquire  
Corporation Counsel  
229 Main Street  
P.O. Box 2019  
Nashua, NH 03061-2019

Re: **City of Nashua's First Set of Data Requests**

Dear Mr. Connell:

Pursuant to PUC Rule 204.04, I attach Pennichuck Water Works, Inc., Pittsfield Aqueduct Company and Pennichuck East Utility, Inc.'s Responses to the City of Nashua's First Set of Data Requests. As you will see from our responses, we will make documents responsive to these requests available for inspection at our Nashua office.

In addition, I enclose Philadelphia Suburban Corporation's ("PSC") partial response to the City's First Set of Data Requests. As we discussed, due to vacation schedules of PSC staff, we will not be able to complete these responses until the end of this week. I appreciate your accommodation of this request.

Please do not hesitate to call me if you have any questions about this matter.

Very truly yours,

Sarah B. Knowlton

SBK:ksm  
Attachments

*call Sarah  
when copy?  
who pay?*  
*all day Friday  
Monday*

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-1

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** Please list all the acquisitions of water or water and sewer utility companies by Pennichuck or its subsidiaries since 1996 whether through purchase, merger or otherwise. For each acquisition please give the name and address of the utility acquired, the utility regulatory body or bodies that approved the acquisition and the docket or record number of the proceeding granting the approval.

**RESPONSE:** Pennichuck Corporation (the "Corporation" or "PC") and its subsidiaries have acquired two companies during the period referred to in data request Nashua Pen 1-1. However, the Corporation and its subsidiaries have formed a company, Pennichuck East Utility, Inc, as the result of acquiring the non-Hudson assets of Consumers of NH and acquired 10 community water systems. The following chart describes these acquisitions:

Pennichuck and Subsidiary Acquisitions:

Date	System Name	Location	Regulatory Approval	Docket	Acquiring Company
Apr-96	English Woods	Bedford	NHPUC	DR 95-361	PWW, Inc.
Jan-98	Autumn Woods	Salem	NHPUC	DE 97-021	PWW, Inc.
Jan-98	Pittsfield Aqueduct Company	Pittsfield	NHPUC	DE 97-225	PC
Apr-98	Non-Hudson Assets of Consumers (Pennichuck East Utility, Inc.)	Litchfield Londonderry Pelham Windham Atkinson Derry Hooksett Plaistow Raymond Sandown	NHPUC	DE 96-227	PC
Apr-98	Atherton Commons	Amherst		*2	
Nov-98	Great Bay	New Market	NHPUC	DE 98-131	PWW, Inc
Feb-99	Sweet Hill	Plaistow	NHPUC	DR 97-218	PWW, Inc
Jun-99	Little Pond	Bedford		*1	PWW, Inc
Jul-00	Cabot Preserve	Bedford		*1	PWW, Inc
Jun-00	WESCO	Hooksett	NHPUC	DW 99-189	PEU, Inc
Aug-00	Greenfield Farms	Bedford		*1	PWW, Inc
1-Sep	Valleyfield Water, Inc.	Plaistow	NHPUC	DW 01-001	PWW, Inc
Ma-02	Badger Hill	Milford	NHPUC	DW 00-285	PWW, Inc

\*1 PWW, Inc. has Town of Bedford franchise  
\*2 In PWW, Inc franchise area

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-2

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** For each of the acquisitions listed in request 1-1 above with more than 5,000 water customers, please provide a copy of the annual report to the state regulatory bodies for the year immediately prior to the acquisition and for the year ending December 31, 2001.

**RESPONSE:** Pennichuck Corporation and its subsidiaries have not acquired any water companies with 5000 or more customers.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-3

Date of Response: August 12, 2002  
Witness: Charles Staab

**REQUEST:** Please list each long-term debt instrument of Pennichuck and each such instrument of each subsidiary that was outstanding as of January 1, 1996, giving the face value, interest rate or rates, maturity date and terms of repayment. List also any such new long-term debt instrument issued since January 1, 1996, giving the information above as well as the date issued and whether it replaced an existing debt or was new debt.

**RESPONSE:** The Joint Petitioners will make a copy of a schedule which provides a summary of their long-term debt as of December 31, 2001 available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. This schedule may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818. Since January 1, 1996, the Joint Petitioners have issued the following long-term debt instruments which are also included in the attached schedule:

<u>Description</u>	<u>Purpose</u>	<u>Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>
Unsecured taxable note	Refinance existing short-term & long-term debt	7.40%	3/1/96	3/1/21	\$8,000,000
Unsecured tax exempt bond	Financing for specific capital projects	6.30%	5/1/97	5/1/22	\$4,000,000
Secured bank note	Acquisition of Pennichuck East assets	6.50%	4/8/98	4/8/05	\$4,500,000
Secured bank note	Refinancing Pittsfield Aqueduct mortgage & corporate short-term debt	6.50%	4/8/98	4/8/05	\$1,500,000

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-4

Date of Response: August 12, 2002  
Witness: Charles Staab

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**REQUEST:** Do Pennichuck subsidiaries borrow through debt incurred by the Pennichuck Corporation? Please state any corporate policies of Pennichuck that apply to debt incurred through the corporation in terms of amounts to be borrowed, rates, terms and conditions, etc.

**RESPONSE:** Pennichuck Corporation (the "Corporation") maintains a \$2.5 million revolving line of credit facility with a local bank, which the Corporation makes available to each of the Joint Petitioners for their day-to-day operating cash requirements. Under the terms of the credit facility, any outstanding borrowings are unsecured and interest is tied to the lower of the bank's cost of funds or LIBOR.

Under an intercompany arrangement between the Corporation and its subsidiaries, the Corporation advances funds to each subsidiary, as needed for day-to-day operations, and an intercompany payable (receivable) is established on the books of the Corporation and subsidiary. Interest charged to the subsidiary is at the same rate that the Corporation is charged by its bank.

For the Joint Petitioners, there are occasions when it is necessary to issue long-term, tax-exempt bonds or taxable notes to fund the cost of specific projects. In those cases, the Joint Petitioners issue their own debt and any such long-term financings must first be approved by the New Hampshire Public Utilities Commission. Presently, the weighted average cost of long-term debt is 7.3% for Pennichuck Water Works, Inc., 6.5% for Pennichuck East Utility, Inc. and 6.5% for Pittsfield Aqueduct Company.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-5

Date of Response: August 12, 2002  
Witness: Charles Staab

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**REQUEST:** Please state any policy or policies of Pennichuck and/or its subsidiaries in place in 1996 and/or adopted or modified since 1996 for payout of dividends by subsidiaries of Pennichuck.

**RESPONSE:** Dividends are declared and paid by Pennichuck Corporation (the "Corporation") to its common shareholders at the discretion of the Corporation's board of directors. Common dividends are paid quarterly; and based on historical records, the Corporation and its predecessor, Pennichuck Water Works, have been paying common dividends since at least 1915.

The Corporation does not maintain a written, formal dividend policy. The Board's decision to declare a dividend, and at what rate, is based on several factors -- such as its level of expected annual earnings, payout ratio, availability of cash, targeted dividend growth rate and certain financial averages of its peers in the water industry.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-6

Date of Response: August 12, 2002  
Witness: Charles Staab

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**REQUEST:** For 1996 and each subsequent year, please list the total earnings of all subsidiaries of Pennichuck before dividend payout and the total amount of dividends paid out by them.

**RESPONSE:** The Joint Petitioners will make a copy of a schedule entitled, "Response to City of Nashua Data Request Pen 1-6. Earnings and Dividends of Joint Petitioners, Calendar Years 1996 Through 2001" available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. This schedule may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.



Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-7

Date of Response: August 12, 2002  
Witness: Stephen J. Densberger

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**REQUEST:** Please identify any corporate policies of Pennichuck or its subsidiaries pertaining to short, intermediate or long-range planning for subsidiaries. Please provide the guidelines, instructions or forms for such planning activities.

**RESPONSE:** Pennichuck and its subsidiaries prepare an annual operating and capital plan that is approved by the corporate Board of Directors. Every year, we also update the 5-year capital improvement program which is reviewed by the Board but does not require a formal action. Approximately every five years, we prepare a strategic plan that projects out for a ten year period. The strategic plan provides a review of the Company's strengths, areas needing improvement and identifies opportunities given the Company's core competencies. There are no guidelines, instructions or forms for the strategic or long-range planning activities. Our short and intermediate-range planning is primarily centered around capital improvements and that activity is covered in Mr. Ware's response to Pen 1-8.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-8

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUEST:** Please identify any corporate policies of Pennichuck or its subsidiaries pertaining to investment and/or reinvestment in the plant and equipment of subsidiaries. Please provide the guidelines, instructions or forms for such planning activities.

**RESPONSE:** Pennichuck begins its Capital Improvements Planning process in the fall of each year. The process occurs as follows:

- 1 Vice President-Engineering sends a memo to each Department Manager and each member of Senior Management requesting each Department Manager to prepare a draft Capital Improvements Plan (CIP) on the Companies Excel spread sheet. A copy of the initial memo requesting the draft CIP from each Department is attached as Exhibit A. The memo describes the CIP planning process.
2. Once the initial draft budgets are submitted by each Department Manager the Company CFO evaluates the impact of these draft budgets on the Companies cash flows and their impact on the Companies ROE. The Companies Senior managers evaluate the information provided by the CFO and each of the Department Managers to draft a final capital budget for presentation to the Board of Directors. It generally takes three to four rounds of cuts to reach the final draft of the CIP. Projects are prioritized based on their ability to:
  - a. Enhance customer service
  - b. Enhance water quality
  - c. Ensure compliance with the standards of the Safe Drinking Water Act
  - d. Enhance Fire Protection
  - e. Replace aging infrastructure that is affecting the continuity and quality of water service
  - f. Provide operating efficiencies that will result in reduced operational costs
  - g. Provide a Return on Equity that exceeds the Companies regulated rate of return (for non utility projects).

3. The Board of Directors approves the CIP at their January Board meeting. The Board approves the total dollars to be spent for the coming year. Senior Management may add or delete projects from the CIP during the year. New projects may be added without Board approval provided they are less than \$100,000 and they do not result in the total dollars being spent exceeding the approved budget.
4. Each capital project initiated during the year must be approved by Senior Management. The capital project manager must submit a Capital Expenditure form with the project description, need, cost and whether it was budgeted for approval. A copy of the Capital Expenditure Approval form is attached as Exhibit B.
5. A monthly report is run by accounting that shows the projects approved as part of the annual CIP and the status of those projects. The status includes whether a Capital Expenditure form has been filed, how the final dollars requested compare against the budgeted amount and how the costs of the project actually track to the amount requested. A total of dollars expended to date on the CIP is kept at the end of the report so that total dollars allotted to be spent for the year does not exceed the approved budget. A copy of this report is attached as Exhibit C.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-9

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** If the Parent Average Closing Price for the exchange of stock under the merger agreement were to be \$24.000, please state the allocation of the value to be received by Pennichuck among the Joint Petitioners, the Pennichuck Service Company and the Southwood Corporation. Please state fully the appropriate accounting entries that would be entered based on the previously stated Parent Average Closing Price.

**RESPONSE:** There is no information responsive to this request since it is a stock-for-stock transaction.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-10

Date of Response: August 12, 2002  
Witness: Bonalyn J. Hartley

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**REQUEST:** Please identify any corporate charges imposed by Pennichuck on its subsidiaries and the basis or formula(s) for determining such charges.

**RESPONSE:** See summary below entitled "Management Fee Allocations for 2002" of the corporate charges imposed by Pennichuck Corporation on its subsidiaries and the basis for determining such charges.

**2002 Management fees allocations**

Three allocations are reviewed and updated quarterly based on year-to-date information:

**1. Allocation of parent company expenses to its five subsidiaries:**

We allocate Pennichuck Corporation (PCP) expenses to Pennichuck Water Works (PWW), Pennichuck East Utilities (PEU), Pittsfield Aqueduct (PAC), Pennichuck Water Service Co (PWSC), and The Southwood Corporation (TSC).

- ❑ The PCP corporate expenses include professional fees, Director & Officer (D&O) insurance, stockholders' expenses, corporate building lease, real estate tax, flood insurance, and expenses associated with being a public traded company.
- ❑ D&O insurance and stockholders expenses are allocated based on each subsidiary's budgeted revenue percentage out of the total budgeted revenue of all subsidiaries.

All other corporate expenses are allocated based on each subsidiary's budgeted revenue percentage except TSC get 1% allocation of the expenses as TSC's operation has little to do with these expenses.

**2. Allocation of PWW expenses to other 4 subsidiaries (PEU, PAC, PWSC, and TSC):**

There are 6 types of expenses allocated out of PWW:

Type 1 is customer service related expense and allocation is based on the number of customers of each subsidiary.

- Type 2 is accounting related activities and allocation is based on the numbers of vouchers, checks, and journal entries processed.
- Type 3 is information system, equipment, and facility related expenses. The allocation is based on each subsidiary's budgeted revenue percentage except TSC get 1% allocation

Type 4 is CEO's and Vice Presidents' salaries and benefits and allocation is based on their activities in each subsidiary.

- Type 5 is computer depreciation and maintenance expense and allocation is based on a computer usage analysis done by IT Manager.
- Type 6 is PWSC's customer support salary and benefit. It is directly charged to PWSC.

**3. Allocation of Overhead:**

Overhead calculations are for any indirect expenses related to each work order, such as salaries, benefits, facilities, vehicles, insurance, etc.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-11

Date of Response: August 12, 2002  
Witness: Bonalyn J. Hartley

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**REQUEST:** Please identify all charges for services made between Pennichuck and its subsidiaries and between its subsidiaries. If there is a "price list" for standard services such as water testing and the like, please provide the prices for such services.

**RESPONSE:** See response Nashua – Pen 1-10 with attachment entitled “Management Fee Allocations for 2002” that identifies charges for services made between Pennichuck Water Works and its subsidiaries. Costs are recorded by Pennichuck Water Works and then allocated to the ‘sister’ subsidiaries. There are no allocations between the other subsidiaries. There is no “price list” for standard services. Services are charged on actual cost basis.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-12

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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REQUEST: Please provide a list of the twenty (20) largest shareholders of  
Pennichuck.

RESPONSE: In accordance with the Joint Petitioners' objection to this request,  
the Joint Petitioners are supplying the names of the directors and  
officers of Pennichuck Corporation. They are as follows:

Directors

Maurice L. Arel  
Joseph A. Bellavance  
Charles E. Clough  
Stephen J. Densberger  
Robert P. Keller  
John R. Kreick  
Hannah M. McCarthy  
Charles J. Staab

Officers

Maurice L. Arel, President, Chief Executive Officer  
Stephen J. Densberger, Executive Vice President  
Charles J. Staab, Vice President, Chief Financial Officer and  
Treasurer  
Bonaly J. Hartley, Vice President Administration  
Donald L. Ware, Vice President Engineering



Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-13

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUEST:** Please explain the capital improvement/capital budgeting process for the Joint Petitioners. If there is a formal process, please provide the guidelines or instructions for the preparation of capital plans.

**RESPONSE:** See Nashua – Pen 1-8.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-14

Date of Response: August 12, 2002  
Witness: Donald Ware

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REQUEST: Please provide any capital improvement plans in place for the Joint  
Petitioners in 1996 and any subsequent plans adopted or in the  
process of review or development.

RESPONSE: The Joint Petitioners will make copies of their approved 1996,  
1997, 1998, 1999, 2000, 2001 and 2002 approved Capital  
Improvement plans available for inspection at the Nashua office of  
McLane, Graf, Raulerson & Middleton, Professional Association,  
400 Amherst Street, Nashua. These documents may be reviewed  
upon reasonable advance notice to Kathryn Mulhearn, Legal  
Secretary, McLane, Graf, Raulerson & Middleton, Professional  
Association, (603)436-2818.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
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DW 02-126

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Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-15

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUEST:** Please provide a list of any known capital investments required or likely to be required in the next twenty (20) years for the Joint Petitioners. Include the estimated cost of each such improvement and the planned or likely time the improvement would begin and would be placed into service.

**RESPONSE:** The Joint Petitioners will make copies of their Five Year CIP (2002-2006) plus a projection of anticipated annual projections of Capital in years 2007+ available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. These documents may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.

Pennichuck Water Works, Inc.  
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DW 02-126

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Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-16

Date of Response: August 12, 2002  
Witness: Charles Staab

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**REQUEST:** Please provide a listing of the surviving capital assets of the Joint Petitioners by vintage year with the additions and retirements for each year and the original cost thereof. If this data (commonly referred to as the continuing property records) is available as computer file, please provide the information in a format accessible by personal computer spreadsheet and/or data programs.

**RESPONSE** The Joint Petitioners will make copies of this data available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. These documents may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.

Pennichuck Water Works, Inc.  
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DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-17

Date of Response: August 12, 2002  
Witness: Bonalyn J. Hartley

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REQUEST: Please provide the most recent two (2) depreciation studies for the  
Joint Petitioners.

RESPONSE: Pennichuck Water Works, Inc. will make a copy of its most recent  
depreciation study for plant in service as of December 31, 1995  
and approved by the New Hampshire Public Utilities Commission  
in October of 1997 available for inspection at the Nashua office of  
McLane, Graf, Raulerson & Middleton, Professional Association,  
400 Amherst Street, Nashua. This study may be reviewed upon  
reasonable advance notice to Kathryn Mulhearn, Legal Secretary,  
McLane, Graf, Raulerson & Middleton, Professional Association,  
(603) 436-2818.

The prior Depreciation Study was performed in the early 1980's  
and is no longer available.

Pennichuck Water Works, Inc.  
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Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-18

Date of Response: August 12, 2002  
Witness: Bonalyn J. Hartley

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**REQUEST:** Please provide the most recent two (2) cost of service studies for the Joint Petitioners.

**RESPONSE:** The Joint Petitioners will make copies of the Company's most recent cost of service studies (described below) available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. These studies may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.

Cost of Service Study for Pennichuck Water Works, test year ending September 30, 1992 performed by AUS Consultants.

Cost of Service Study for Pennichuck Water Works, test year ending December 31, 2000 performed by AUS Consultants.

Cost of Service Study for Pittsfield Aqueduct Corporation, performed by Russell Consulting in 1997.

Pennichuck Water Works, Inc.  
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Pennichuck East Utility, Inc.

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Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-19

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** Please list each laboratory test that is presently being performed for the Joint Petitioners that would be performed by Philadelphia after the merger. Please list the unit price/cost of each test and the quantity of each such type of test performed annually. Please provide the unit price that would be charged by Philadelphia, including all shipping, handling and overhead charges, for each test.

**RESPONSE:** Pennichuck currently does all of its bacteria testing, approximately 1600 tests per year, in house and would continue to do so. Other test such as organic disinfection by-products, DBPs; total organic carbon, TOC's; UCMR tests; lead and copper and organic parameters are sent to the State of New Hampshire lab or other certified New Hampshire labs. Unless there was a significant savings, we would continue the same procedure.

A preliminary review of the cost of each test procedure performed by PSC laboratory compared to the cost currently obtained by Pennichuck's water subsidiaries, shows that the cost of some test performed at the PSC laboratory are lower. Since these cost do not included the cost of handling and shipping which has not been determined, it can be assumed that savings would minimal.

The primary value of PSC's lab would be to do special testing relating to aesthetic and quality issues which are intermittent such as taste and odor studies which would identify the precursors that create taste and odor incidents, such as geosmin and MIB; the development of treatment alternatives for contaminants such as arsenic and uranium, contaminants whose regulated MCL level has been significantly reduced; and assisting Pennichuck to implement an updated Laboratory Information Management System (LIMS) in our laboratory.

Cost Comparison (not all test done):

<u>Test</u>	<u>Cost</u>		#per Year <u>Regulated Utilities</u>
	<u>PSC</u>	<u>PWW</u>	
THM	\$100.00	\$ 90.00	
HAA	150.00	180.00	28
TOC	20.00	35.00	24
UCMR	630.00	800.00	4
VOC	120.00	125.00	34
ORG Parameters	475.00	475.00	25
Colilert Bacteria		15.00	1,604 in house



Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-20

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** Please identify each material or supply presently purchased by the Joint Petitioners that would be purchased through Philadelphia after the merger. Please list the current unit price of each item FOB Nashua and the quantity of items presently purchased annually. Please provide the unit price of each item FOB Nashua including all overhead charges or markups that would be available through Philadelphia.

**RESPONSE:** Pennichuck and PSC have not conducted a thorough study of the cost of all items purchased and the benefits to Pennichuck of purchasing through Philadelphia Suburban Water's ("PSW") national contracts. Of the items reviewed the following price comparisons were noted:

COST ANALYSIS PSW vs PENNICHUCK				
PSW Pricing			Pennichuck Pricing	
Item	Description	Price	Description	Price
Hydrants	4' 6"	\$ 518.65	6'	\$ 815.00
	4'	\$ 506.35	5'	\$ 800.00
			6'	\$ 834.26
Meters	5/8" Pro Read	\$ 50.50	5/8" Pro Read	\$ 65.15
	3/4" Pro Read	\$ 66.00	3/4" Pro Read	\$ 94.75
	1" Pro Read	\$ 88.50	1" Pro Read	\$ 124.60
	5/8" SRII	\$ 51.95	5/8" SRI	\$ 73.23
	3/4" SRII	\$ 69.15	3/4" SRI	\$ 93.98
	1" SRII	\$ 91.32	1" SRI	\$ 119.05
Pipe	8" Class 52	\$ 7.81	8" Class 52	\$ 8.94
	12" Class 52	\$ 12.92	12" Class 52	\$ 14.79
	16" Class 52	\$ 19.44	16" Class 51	\$ 20.66

As the merger process progresses, a study of all major purchases will be undertaken to determine where savings can be achieved.

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Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-21

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** Please identify which management services would be available from Philadelphia which are not available from Pennichuck's present management staff..

**RESPONSE:** PSC has some management services that a small utility like Pennichuck cannot afford on a full time basis and therefore uses outside consultants to provide the service. PSC does have in-house legal counsel that can provide day-to-day legal services. Also, they have a staff that provides administration of employee benefits. Since Pennichuck and PSC have not conducted a management function study, it is possible that other functions, currently done by consultants to Pennichuck, can be done in-house by PSC personnel.

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DW 02-126

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Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-22

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUEST:** Please provide the report "Pennichuck Water Works Watershed  
Plan" of August 1998.

**RESPONSE:** The Joint Petitioners will make a copy of this Plan available for  
inspection at the Nashua office of McLane, Graf, Raulerson &  
Middleton, Professional Association, 400 Amherst Street, Nashua.  
These studies may be reviewed upon reasonable advance notice to  
Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson &  
Middleton, Professional Association, (603)436-2818.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-23

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUEST:** Please provide the report "An Evaluation of Pennichuck Water Works Land Holdings as They Relate to Water Quality and Supply" dated June 1, 1980.

**RESPONSE:** The Joint Petitioners will make a copy of this report available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. These studies may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.

Pennichuck Water Works, Inc.  
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DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-24

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUESTS:** Please supply all reports, studies, work papers, applications and other data submitted to the Corps of Engineers and N.H. Department of Environmental Services relating to licenses and/or approvals for withdrawal of water from the Merrimack River.

**RESPONSE:** A copy of the Corps of Engineers license for approval of withdrawal of water from the Merrimack River is available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. This license may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-25

Date of Response: August 12, 2002  
Witness: Donald Ware

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**REQUEST:** Please supply all reports, studies, work papers, applications and other data submitted to the Corps of Engineers and N.H. Department of Environmental Services relating to licenses and/or approvals for withdrawal of water from the Pennichuck Brook.

**RESPONSE:** A copy of Session Law 237 enacted in June 1883 relating to Pennichuck's authority to withdraw water from the Pennichuck Brook is available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. This document may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.

Pennichuck Water Works, Inc.  
Pennichuck Aqueduct Company  
Pennichuck East Utility, Inc.

DW 02-126

Pennichuck Water Works, Inc., Pennichuck Aqueduct Company and Pennichuck East  
Utility, Inc.'s Response to City of Nashua's First Set of Data Requests

Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-32

Date of Response: August 2, 2002  
Witness: Donald Ware

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**REQUEST:** Please list all studies, reports, analyses and the like commenced, in process or completed since 1990 with respect to the watershed of the Pennichuck Brook or other watershed related to the Joint Petitioners.

**RESPONSE:** Without waiving its objection to this request, the Joint Petitioners will make a copy of watershed-related documents available for inspection at the Nashua office of McLane, Graf, Raulerson & Middleton, Professional Association, 400 Amherst Street, Nashua. These studies may be reviewed upon reasonable advance notice to Kathryn Mulhearn, Legal Secretary, McLane, Graf, Raulerson & Middleton, Professional Association, (603)436-2818.



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Date Request Received: July 29, 2002  
Data Request No.: Nashua Pen 1-35

Date of Response: August 12, 2002  
Witness: Maurice L. Arel

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**REQUEST:** Please provide any study or report of the synergies expected to result from the merger.

**RESPONSE:** Pennichuck has not completed any studies or reports to determine synergies to be achieved as a result of the merger. As the merger process progresses, studies and reports will be completed to determine if synergies exists. As stated in my pre-filed testimony costs associated with securities regulations and shareholder relations will be reduced as well as costs incurred for outside auditors, board of directors fees, IRS filing requirements, and administration and legal costs associated with maintaining employee benefits.